

### Program Budget Comparison

The following table summarizes the total budget requested by the Governor for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	168.25	168.25	168.25	168.25	168.25	168.25	0.00	0.00%
Personal Services	7,118,652	7,082,282	8,957,704	8,993,417	14,200,934	17,951,121	3,750,187	26.41%
Operating Expenses	2,190,718	1,963,071	2,519,920	2,525,771	4,153,789	5,045,691	891,902	21.47%
Equipment & Intangible Assets	0	5,700	0	0	5,700	0	(5,700)	(100.00%)
Debt Service	59,015	59,015	59,015	59,015	118,030	118,030	0	0.00%
<b>Total Costs</b>	<b>\$9,368,385</b>	<b>\$9,110,068</b>	<b>\$11,536,639</b>	<b>\$11,578,203</b>	<b>\$18,478,453</b>	<b>\$23,114,842</b>	<b>\$4,636,389</b>	<b>25.09%</b>
General Fund	2,168,548	2,249,690	3,855,870	3,869,810	4,418,238	7,725,680	3,307,442	74.86%
State Special	1,605,373	1,708,018	1,679,065	1,684,680	3,313,391	3,363,745	50,354	1.52%
Federal Special	5,594,464	5,152,360	6,001,704	6,023,713	10,746,824	12,025,417	1,278,593	11.90%
<b>Total Funds</b>	<b>\$9,368,385</b>	<b>\$9,110,068</b>	<b>\$11,536,639</b>	<b>\$11,578,203</b>	<b>\$18,478,453</b>	<b>\$23,114,842</b>	<b>\$4,636,389</b>	<b>25.09%</b>

### Program Description

Mission statement: The mission of the Child Support Enforcement Division (CSED) is to diligently pursue and ultimately achieve financial and medical support of children by establishing, enforcing, and increasing public awareness of parental obligations.

The purpose of the CSED is to pursue and obtain financial and medical support for children by establishing, enforcing, and collecting financial support owed by obligated parents. Program staff locates absent parents, identifies assets, establishes paternity, and ensures obligated parents maintain medical health insurance coverage for their dependent children. Child support payments are collected for families receiving public assistance and those not on assistance. Services are available to any applicant regardless of income level.

The division has six bureaus including: the Budget Office, Field Services Bureau, Administrative Services Bureau, Legal Services Bureau, System Policy and Training Bureau, and the Office of the Administrative Law Judge.

Activities carried out by program staff are authorized in Title 40, Chapter 5, MCA, and are mandated by the federal government in accordance with Title IV-D of the Social Security Act, 42 USC 651 et seq., and 45 CFR, Chapter 3.

### Program Highlights

Child Support Enforcement Division	
Major Budget Highlights	
♦	The executive budget contains a total fund increase of over \$4 million when the 2009 and 2011 biennia are compared, which is nearly all due to personal services costs and health insurance as well as a request of about \$0.6 million for increases in rental contracts
♦	There is a general fund increase of over \$3 million supporting statewide and present law increases
♦	The division met or surpassed its goals from the last session, and showed an increase of \$8 million in child support collections
Major LFD Issues	
♦	The division goals should include measurable objectives and be expanded to include measurements reflecting regional activity as well as the federally audited goals and benchmarks

## Program Narrative

### *Goals and Objectives:*

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the Legislative Fiscal Division recommends that the legislature review the following:

- o Goals, objectives and year-to-date outcomes from the 2009 biennium
- o Goals and objectives and their correlation to the 2011 biennium budget request

Any issues related to goals and objectives raised by LFD staff are located in the program section.

### 2009 Biennium Major Goals:

The following provides an update in the major goals monitored during the 2009 interim.

#### Successes:

- o The division successfully met its goals to achieve the federally set standards as shown in Figure 25. Goals are also monitored by the federal Office of Child Support Enforcement (OCSE), which ties the state performance to the performance incentive fund discussed later in the narrative.
- o The division achieved its goal to assist Tribal child support programs by assisting the Chippewa Cree in developing their Tribal child support program, providing training for a Blackfeet Tribe Tribal child support program, and meeting with and providing initial support to the Fort Belknap Tribe in their proposal for grant funding for the same purpose.

Figure 25 Child Support Enforcement Division Goals Met for Federal Fiscal Year Ending September 2008	
	Federal Yr. Ending 9/08
Increase Child Support Collections from \$59.2 Million	\$ 66,987,626
Maintain the IV-D paternity establishment percentage at 90 percent*	106.6%
Maintain the percentage of cases with support orders at 80 percent	88.2%
Increase the percentage of cases with current support collections at 63 percent	64.2%
Increase the percentage of cases with arrears child support collections to 67 percent	69.9%
* Can exceed 100 percent due to federal definitions of the denominator	

### 2011 Biennium Major Goals

The LFD recommends that the legislature adopt specific program goals and corresponding objectives for monitoring during the interim.

The following provides an overview of major goals for the 2011 biennium as the division submitted with its budget.

- o Continuously increase child support collections
- o Maintain the IV-D paternity establishment percentage
- o Maintain the percentage of cases with child support orders
- o Continuously increase the percentage of cases with current child support collections
- o Continuously increase the percentage of cases with arrears child support collections
- o Increase the cost effectiveness ratio
- o Continuously increase the number of children with medical support
- o Increase the number of child support cases with medical support and medical insurance

Another goal, "Continue to assist Tribal child support programs during the 2009 biennium", was recommended by the Legislative Finance Committee (LFC) for discussion through the 2009 interim, even though the division successfully met this goal. LFC members liked having a goal that was linked to CSSED services at the state level and reflected the state's relationship with Tribal entities. It was not included in the division's budget submission.

**LFD  
ISSUE**

What does \$23 Million Buy Montana Communities?

There are two concerns with the goals as presented. The first is the omission of measurements, and the second is the lack of a goal with measurements that reflect any Montana based concerns.

*Lack of Measureable Objectives*

The goals as listed are specific, but there is no way to determine if success is being achieved within prescribed times. One way to make this determination is through the establishment of specific benchmarks. In order for the legislature to determine whether goals are being met and state resources are being expended most efficiently, it is necessary to have measurable objectives. The submitted goals for the 2011 biennium do not have benchmarks, even though the federal government provides the division with benchmarks by regulation. The benchmarks for FFY 2007 that CSED used in achieving their goals are in Figure 25.

**Option:**

The legislature may wish to discuss how the goals can be improved so that success can be measured.

*Lack of Montana based Concerns*

In 2007, the legislature added \$4.2 million general fund to the CSED budget because of a funding shift mandated in the Federal Deficit Reduction Act of 2005 (DRA). (There is further information in the budget request section below.) Prior to approving the request for additional general fund, the 2007 Legislature expanded its budget discussion to include measurements that reflected some Montana based concerns, such as staff recruitment and retention and the geographic challenges of service delivery. The legislature asked CSED to include a 2009 biennium goal to address the work being done by staff in the CSED regions and that showed a link to Montana communities. As a result, the division added the goal to provide assistance to Tribal child support. However, the goals submitted by the division contain no focus beyond the federal standards.

The division has the capacity to provide the legislature with data at the regional level. For example, the regional achievements for FY 2008 for the goal to continuously increase child support collections are: Region 2 (Great Falls) - \$9 million; Region 3 (Billings) - \$16 million; Region 4 (Butte) - \$13 million; Region 5 (Missoula) - \$13 million, and the Interstate Region 8 staff - \$12 million for a total of \$59 million for the state fiscal year.

**Option:**

In order to understand if state resources are being expended efficiently throughout the state, the 2009 Legislature may wish to continue the 2007 Legislature's request that CSED include goals and measureable objectives that would reflect achievements within the state as well as its achievement of the federal benchmarks.

Should the legislature elect to have some CSED goals contain measurements that reflect both federal and state or regional achievements, it may wish to:

- Discuss the addition of measurements to one of or more of the existing goals that would show regional achievements
- Recommend that the Legislative Finance Committee monitor: 1) the goal to assist Tribal child support; 2) the goals related to the federal standards; and 3) at least one goal from the federal standard list that would track regional achievements.

*Federal Regulation Mandates the Child Support Enforcement Division*

Federal regulation mandates a child support enforcement program in all states under Title IV-D of the Social Security Act in order for states to:

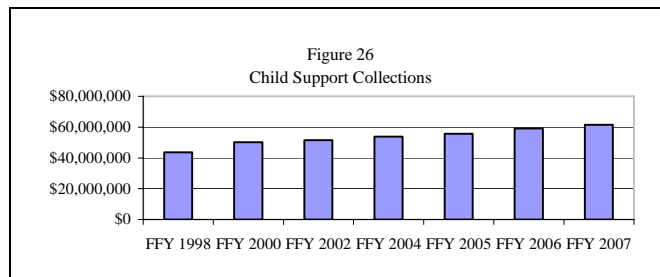
1. Maintain state eligibility for federal Temporary Assistance for Needy Families (TANF) Block Grant; and
2. Receive federal funding for the program.

Services must be available to anyone who applies, regardless of the family income and resource level. Individuals who receive public assistance under TANF, Medicaid, and the Foster Care Program are automatically referred to CSED. As a condition of the TANF block grant, collection of child support owed to the family is automatically assigned to the state and is used to reimburse federal and state governments for welfare benefits paid to the family. Individuals not on TANF may also apply for CSED services, and their support collections are forwarded to the custodial party. It is also possible for other states to refer cases to Montana for action when a non-custodial parent lives in Montana.

#### *Budget Request - A Biennial Comparison*

The division reached a historical high in child support collections of \$61,500,000 for the FFY ending September 2008. Figure 26 shows the growth in child support collections.

The executive's 2011 biennium budget request of nearly \$23 million increases the 2009 biennium budget by more than \$4 million. Nearly all of the increase is for personal services costs and health insurance related to 168.25 FTE that account for \$18 million of the \$23 million total budget. The increase in operating expenses is primarily due to the Governor's request of about \$0.6 million over the biennium for increases in rental contracts for non-Department of Administration locations and statewide present law increases in postage, gasoline and travel, supplies, and communication equipment.



#### Decline of State Special Revenue and the Base Budget

Child support enforcement programs nationwide were originally established under the concept of recovering the costs of public assistance payments made under welfare systems. Montana was no exception, and for a number of years the division's activities were funded with state special revenue from collections of child support and from federal incentive funds received for meeting or exceeding the federal incentive performance measures.

However, over the last two biennia, Congress shifted a larger portion of child support funding to the states, primarily through the federal Deficit Reduction Act of 2005 (DRA). The DRA rules created a major funding shift from state special revenue to the general fund for the legislature to address. The 2007 Legislature appropriated nearly \$4.2 million general fund over the biennium comprising:

- \$3.8 million to replace the CSED projected loss of state special revenue from the DRA elimination of the incentive funds match
- \$0.4 million for a new, mandatory \$25 fee for services from clients that have never been on TANF
- \$39,000 for the decrease of 90 percent federal match for child support paternity testing services to a federal match of 66 percent, the match rate for other program operating costs

The legislature designated most DPHHS appropriations that were related to the DRA as one-time-only (OTO) and/or restricted because of the moving status of DRA discussions in Congress at that time. This appropriation was no exception. The following figure reflects the funding changes and increase to the general fund.

As shown in Figure 27 above, the majority of the \$4.2 million general fund increase was in FY 2009. As shown in the FY 2010 and FY 2011 columns, the Governor's budget reflects less general fund.

This funding switch and the related OTO increase in general fund have an impact on personal services in the executive's budget and are discussed further in the statewide present law discussion.

Figure 27  
Child Support Enforcement  
Increase of the General Fund

Source	Actual Fiscal 2007	Actual Fiscal 2008	Appropriated Fiscal 2009	Requested Fiscal 2010	Requested Fiscal 2011
General Fund	\$656,647	\$3,695,028	\$4,373,608	\$3,855,870	\$3,869,810
State Special Revenue	2,101,858	1,727,767	1,731,339	1,679,065	1,684,680
Federal	6,897,392	5,406,798	5,177,034	6,001,704	6,023,713
Total - HB 2	<u>\$9,655,897</u>	<u>\$10,829,593</u>	<u>\$11,281,981</u>	<u>\$11,536,639</u>	<u>\$11,578,203</u>

### A long-range Information Technology (IT) Request

For the 2009 session, the Governor proposes to begin the \$90 million long-range IT project for the division's System for Enforcement and Recovery of Child Support (SEARCHS) with a \$1.5 million request in HB 10 for the planning phase of the project. SEARCHS was developed in the 1980s and many functions are performed manually on spreadsheets outside the system by staff, leaving room for errors and inconsistency, and consuming valuable time and making it difficult to meet federal mandates, which could jeopardize the TANF funding.

The Technology Services Division (TSD) manages IT projects for DPHHS that are funded through long-range planning legislation to accommodate funding and projects that could extend beyond a single biennium. Funding will remain in the long-range IT budget administered by the Department of Administration until the completion of the project, which includes the warranty period. The timeline for the projects presently extends through FY 2015. There are 5.00 FTE included in the project, of which two are for TSD and three are for CSED. At the time of this writing it is not known when the staff would come on board.

#### **LFD COMMENT**

#### Long-Range Projects Can Impact the Division's HB 2 Budget

The legislature may wish to have the division discuss with the Joint Appropriations Subcommittee for Health and Human Services the costs that could impact this and future legislatures such as:

- Items that could potentially increase the budget of CSED over the next few years, such as the costs related to the new FTE funded through the HB 10 that are beyond the salary amounts in the HB 10 request;
- The impact of the system training on CSED for such things as:
  - The length of time that may be spent by staff out of office for staff training that could need augmentation from "fill-in" staff; and
  - The length of time following the "launch" of the systems for which CSED could realize an impact on its goals and services while staff is required to study, test, and implement the system.

### Pending Lawsuits

The Montana Shooting Sports Association, along with several individual plaintiffs, has sued the Fish Wildlife and Parks over the collection of the last four digits of a license applicant's social security number. The collection of this information is at the request of the CSED and is mandated by the federal government in order for the state to be a participant in the federal system under Title IV D of the Social Security Act. If the plaintiffs are successful, FWP will be required to cease the collection of this data, and the CSED will be in violation of the federal requirement. This would mean that unless the CSED were granted an exemption from the requirement at the federal level, it could not longer be part of the federal system and would not receive federal funding, nor be able to use the system tools now available to it as a member of this system. Also, the TANF grant would be terminated, as a state must have a federally certified child support system to receive any funding under this program. The matter was tried before the Honorable Edward P. McLean, 4th Judicial District Judge in Missoula on September 29th and 30th, 2008. No decision has yet been rendered.

## Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

Program Funding Table Child Support Enforcement						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000 Total General Fund	\$ 2,168,548	23.1%	\$ 3,855,870	33.4%	\$ 3,869,810	33.4%
01100 General Fund	2,168,548	23.1%	3,855,870	33.4%	3,869,810	33.4%
02000 Total State Special Funds	1,605,373	17.1%	1,679,065	14.6%	1,684,680	14.6%
02187 Child Support State Share	1,605,373	17.1%	1,679,065	14.6%	1,684,680	14.6%
03000 Total Federal Special Funds	5,594,464	59.7%	6,001,704	52.0%	6,023,713	52.0%
03570 93.563 - Child Support Ivd 66%	5,594,464	59.7%	6,001,704	52.0%	6,023,713	52.0%
Grand Total	<u>\$9,368,385.00</u>	100.0%	<u>\$11,536,639.00</u>	100.0%	<u>\$11,578,203.00</u>	100.0%

As shown in the figure, CSED is funded with a combination of general fund (33.4 percent), state special revenue (14.6 percent), and federal funds (52.03 percent). However, federal Title IV-D eligible expenditures are funded 66 percent with federal IV-D funds with the remaining 34 percent are funded by a combination of general fund and state special revenues.

In the funding chart above, the general fund contains an increase over the 2009 biennium due to the 2007 Legislature's actions as discussed earlier. State special revenue comes from federal incentive funds received for meeting or exceeding the federal incentive performance measures and the retention of collections made on behalf of present and/or past TANF participants. The state retains a portion of the funds recovered on behalf of TANF cash assistance recipients at the state share of the federal FMAP rate, 32 percent state and 68 percent federal. There is no retained revenue from non-TANF collections, which is simply collected and sent on.

State special revenues generated from child support collections on behalf of present and/or past TANF cash assistance participants directly relates to increases or decreases in the statewide TANF caseload. There is further TANF caseload discussion in the Human and Community Services Division in this volume.

## Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
	-----General Fund-----				-----Total Funds-----			
Budget Item	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	2,168,548	2,168,548	4,337,096	56.14%	9,368,385	9,368,385	18,736,770	81.06%
Statewide PL Adjustments	1,579,143	1,591,414	3,170,557	41.04%	1,850,081	1,886,735	3,736,816	16.17%
Other PL Adjustments	108,179	109,848	218,027	2.82%	318,173	323,083	641,256	2.77%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
<b>Total Budget</b>	<b>\$3,855,870</b>	<b>\$3,869,810</b>	<b>\$7,725,680</b>		<b>\$11,536,639</b>	<b>\$11,578,203</b>	<b>\$23,114,842</b>	

## Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2010-----						-----Fiscal 2011-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				2,212,282					2,249,500	
Vacancy Savings				(373,230)					(374,735)	
Inflation/Deflation				11,529					12,470	
Fixed Costs				(500)					(500)	
Total Statewide Present Law Adjustments				\$1,850,081					\$1,886,735	
DP 50002 - Child Support Enforcement Rent Increase										
0.00	108,179	0	209,994	318,173	0.00	109,848	0	213,235	323,083	
Total Other Present Law Adjustments										
0.00	\$108,179	\$0	\$209,994	\$318,173	0.00	\$109,848	\$0	\$213,235	\$323,083	
Grand Total All Present Law Adjustments				\$2,168,254					\$2,209,818	

### Program Personal Services Narrative

As mentioned in the budget discussion, the division's state special revenue was decreased by the 2007 legislature and replaced with general fund in an OTO appropriation. Therefore, the general fund was removed from the base and now appears in the statewide present law category of personal services for legislative consideration. Of the \$2.2 million listed each year on the personal services line, \$1.4 million is to reinstate the OTO and \$0.8 million is for the alignment of salaries to 80 percent of market, statutory pay increases, the pay plan adopted by the legislature, and benefits and longevity for existing staff.

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- **Market Rate** – As of June 30, 2008, CSED was at 81 percent of the 2008 market survey, which was below the agency-wide 92 percent expectation. CSED does not maintain pay exceptions for entry to market ratio or progression to market.
- **Vacancy** – Vacancies generally occur in lower paying positions such as administrative assistant and support primarily due to wages and staff movement from one administrative support position to another or upward progression into a higher paying position within the division. During the hiring process, CSED tries to select candidates that can work well with angry clients, which can be another cause of turn-over.
- **Legislatively applied vacancy savings** – As a means to live within the four percent vacancy rate, CSED usually holds positions open for the 30 day limit. It has received a small amount of additional funding from within the department, and in the past has moved authority from operations to personal services. Work is shifted to existing staff during the vacancy that are usually staff paid at a higher rate than the vacant position. Workers from temporary agencies have occasionally been hired to fill in until the vacant position is filled. The division did not have any additional savings.
- **Pay Changes** -- Eleven positions were given pay increases outside of the HB 13 increases, which were to create equity within the division so that people in the same job were paid the same base pay and to ensure that supervisors were paid more than the people they supervised. The pay increases were given to 8 compliance specialists, 1 program manager, 1 administrative support FTE, and 1 budget analyst. No special funding planning was needed as the increases were not implemented until the last pay period of the year and they were not large. There was no impact to program delivery or customers.
- **Retirements** -- 115 employees (69 percent of total program workforce) will be eligible for retirement in the 2011 biennium. Based on current trends and projections, the division estimates that three employees will retire with an anticipated compensated absence liability of \$24,444. In the 2009 biennium, one employee will retire. CSED is concerned about the planned and potential retirements of several key staff between October of 2008 and the end of the 2011 biennium and is taking steps for cross-training and knowledge-sharing.

DP 50002 - Child Support Enforcement Rent Increase - The Governor requests \$0.6 million for increases in rent for the biennium consisting of \$0.2 million general fund and \$0.4 million federal funds.

**LFD  
ISSUE****Rent Costs**

Nearly all of the request is based on the staff presently at the Northgate Village in Helena that are scheduled to relocate to a new building that is not yet built. The increase is based on a July 2009 move, but the actual date is uncertain. DPHHS maintains that if the staff has to move and something else is located, rent costs would come in about the same rate as the negotiated amount for building that is not yet started.

However, about \$400,000 of the budget is based on a move in July 2009, which may not occur at that time and the total amount may not be needed.

If the legislature wishes to ensure that the funds in this request are not spent on other items if they are unused, it could restrict the \$400,000 to the single purpose of rent.